

Testimony
of
THE UNITED ILLUMINATING COMPANY
before the
ENERGY AND TECHNOLOGY COMMITTEE
Re
RAISED BILL 457

AN ACT CONCERNING ENERGY IMPROVEMENT DISTRICTS

LEGISLATIVE OFFICE BUILDING

HARTFORD, CT

March 3, 2008

Good morning Senator Fonfara, Representative Fontana, Representative Williams, Senator Herlihy and members of the Energy and Technology Committee. My name is Dennis Hrabchak and I am the Vice President of Corporate Affairs at The United Illuminating Company ("UI").

I am here today to offer comments on **Raised Bill 457 – AN ACT CONCERNING CERTAIN ENERGY IMPROVEMENT DISTRICTS**. This bill proposes changes that would allow municipalities who form Energy Improvement Districts (EID) to establish more than one Energy Improvement District within a municipality, and to combine Energy Improvement Districts across adjacent municipalities.

UI does not support or oppose this proposed change. The Company remains cautiously optimistic about the customer benefits that can be realized within an EID. UI has met with several municipalities who are considering formation of an EID. We have been following the development of Connecticut's first EID, in the Town of Ansonia which is within our service area.

The specifics of any planned activities or projects within an EID, and associated customers value propositions have not yet been developed or presented to UI. Without detailed specific actionable proposals UI cannot analyze any impact and benefits that may result.

However, UI remains very concerned that significant confusion currently exists regarding an understanding of what an EID is, and it's associated rights under existing legislation adopted in

2007 that authorized the establishment of EIDs in Connecticut. This confusion has been evident in media coverage about EIDs, and in discussions with municipal officials. The existing legislation does not allow an EID to develop, install, and operate electrical infrastructure systems for the purpose of transmission and distribution to customers. The reasons for this include safety, reliability, cost, and cost allocation.

With respect to cost allocation, all customers are responsible for a share of certain socialized cost components that have been mandated by federal and state legislation, and regional and State regulation. Additionally, all customers pay for and support the significant investment in infrastructure necessary to provide safe and reliable electricity service. Initiatives that would bypass any of the above costs would only serve to shift those costs onto remaining customers. UI believes that the existing legislation provides customer protection to avoid such an outcome, and we suggest that the legislature exercise caution to assure that any additional changes proposed to the EID statutes adhere to the same principle of protecting customer interests and cost allocations.